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# Women SHGs : An Essential Requirement for Women Empowerment and Sustainable livelihood Security in Uttarakhand Hills

*Renu Jethi<sup>1</sup>, Nirmal Chandra<sup>2</sup> and Pushpa Upadhyay<sup>3</sup>*

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A majority of microfinance programmes in Uttarakhand target women with the explicit goal of empowering them. There are varying underlying motivations for pursuing women empowerment. Empowerment is a process by which women take control of their lives through expansion of their choices and it is believed that Self-Help programmes combined with micro finance can be one of the ways to transform women's lives. The scheme of micro financing through Self Help Groups (SHGs) has transferred the real economic power in the hands of women and has considerably reduced their dependence on men. Women are much better money managers, more disciplined vis-a vis utilization of loans, more conscientious with loans and thus more disciplined regarding repayment. SHGs can also be community platforms from which women become active in village affairs, stand for local election or take action to address social or community issues. Experience has shown that promotion of enterprise creation and income generating activities among women of Uttarakhand would transform them from 'being alive' to 'living with dignity'.

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Uttarakhand is one of the few states in India where women are the active workforce in agriculture, due to their total involvement with agriculture, animal husbandry, fodder and fuel-wood collection and household activities. (Population Foundation of India, 2002). Women here are therefore considered as the backbone of hill agriculture and are the mainstay of rural economy. Women in Uttarakhand do not own land on which they work. Therefore they are not empowered to make decisions in major economic matters concerning property, sale and investment. The land also

does not produce so much to provide them the much needed cash and decision making power to take care of their needs and those of the children. Small land holdings, low agricultural productivity and less job opportunities have given rise to money order type economy. This has dramatically dislocated Uttarakhand village communities. The large scale out-migration of men in search of employment in the plains or in the army has led to a demographic imbalance in the region. While men predominate in urban areas, the rural areas contain significantly high female

population (Rawat, 2004). Women despite being the heads of the household are not given share in the property. As long as the women work single handedly, it is not possible to overcome their miseries. The Self Help Group (SHG) movement in Uttarakhand has the potential to bring about a transformation in the lives of rural women. The group working has immense power to mobilize the existing resources in such a way that each member of the group gets benefited. Availability of easy credit has always been a remote dream in rural areas. In rural areas through Self Help Groups easy

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credit can be made available to farm families timely, repayable in small amounts which can meet their consumption, production and social needs.

In Uttarakhand several microfinance programmes are available to help and empower the women groups. Capacity building of women empowers them to lead a dignified life, also this contributes to greater economic growth and development of the region.

### Organizing Women Groups

It has been observed that lending money to the poor becomes a risky proposition to the bank. In such a scenario the mechanism of group based lending becomes a very effective option. The poor, who have no risk mitigation mechanism to offer, will have to rely on the SHGs to get access to the banks. A properly groomed group, that can use peer-information and peer pressure in proper selection of clients, in ensuring proper loan utilization and in enforcing repayment discipline, can reduce the perceived risk of the bankers. NABARD (2005) explains that the Self Help Group is a group with "an average size of about 15 people from a homogenous class. They come together for addressing their common problems. They are encouraged to make voluntary thrift on a regular basis. There are four stages of SHGs promotion.

- **Group Formation:** In this stage women from poor families are selected through PRA exercises or wealth

raking. The group takes about 3 months to take proper shape. During this period facilitator would help in fixing rules and norms required for the smooth running of the group.

- **Group Stabilization:** In the stabilization phase, which takes about 4 months, it is expected from the group to have all the operating systems in place. Regular meetings, the activity of savings and credit, loan repayments, maintenance of group records, decision making in the group and resolution of conflicts are supposed to operate smoothly.
- **Growth Stage:** External linkages and flow of additional credit from banks mark the growth stage of the SHG. Bank finances may be mobilized from the NABARD or through government programmes. To support the groups in the various initiatives that are being taken, secondary level structures called clusters are promoted at this stage. Clusters are expected to monitor the progress of the groups, facilitate cross learning and develop solidarity among groups.
- **Expansion Stage:** As loan repayments are streamlined, facilitator may carry out detailed livelihood planning in

*Four stages of group promotion are group formation, group stabilization, growth stage and expansion stage.*

the group through visioning exercises. These exercises help the group to develop a long term vision and have an action plan ready to help the group move towards sustainable livelihood.

When the savings build up after about a year, members are able to access credit through their pooled resources. Members are allocated loans based on group solidarity, instead of formal collateral. The group takes independent loan decisions on issues relating to selection of borrowers, fixing the amount of loan or the rate of interest, and the terms of repayment etc. The profits, however small, are either distributed among the members, or jointly disposed as desired by the group. This strategy promotes self-sufficiency and independence amongst the poor women.

### Building bank Linkages

As soon as the women SHG is formed and a couple of group meetings are held, an SHG can open a savings bank account with the nearest Commercial or Regional Rural Bank or a Cooperative Bank. This is essential to keep the thrift and other money of the SHG safely and also to improve the transparency levels of SHG's transactions. Opening of saving bank account, in fact, is the beginning of relationship between the bank and the SHG.

An access to micro-credit in itself is not a sufficient qualification to ensure livelihoods, particularly in case of the very



poor. Micro-credit does benefit all SHG members in the way that it gives the access to a saving facility, helps them manage their household finance, and gives access to small loans to tide over emergencies as well as to strengthen existing livelihood activities. Some members in the SHGs who are more enterprising also make good use of bank loans to expand their livelihood portfolio.

Once SHGs are mature enough and ready with their livelihood plans, they are linked with the banks to establish Cash Credit Limits (CCLs). Small amounts of loans coupled with financial discipline ensure that loans are given more frequently and hence credit needs for a variety of purposes and at shorter time intervals can be met. This is a better mechanism to reduce poverty gradually as against one time loan for productive asset, which may or may not lead to sustained increases in income. The maximum amount a bank will lend to group is four times the amount of the group funds but most branch managers tend to be more conservative the first time a group is taking loan. Different banks may have different requirements in regards to documents to be submitted along with loan applications. SHGs are now emerging as an effective

credit delivery channel for mid segment clients such as share croppers and tenant farmers as their loan requirements are much larger. For developing an effective model for this group, NABARD had introduced a pilot project for formation and linking of Joint Liability Groups (JLGs).

By aggregating their individual savings into a single deposit, self-help groups minimize the bank's transaction costs and generate an attractive volume of deposits. Through self-help groups the bank can serve small rural depositors while paying them a market rate of interest.

#### **Identifying potential livelihoods**

Once women SHGs are linked to banks, it is time for promoting agency to expand the livelihood portfolio of these SHGs. A large number of options need to be generated for the women that belong to poor or very poor categories with low level of resources, skill, and understanding of markets, investment capability and risk taking ability. There is a need to look into the ideas that have possibility of getting scaled up as livelihood activities such as food processing and fruit preservation, processing of forest produce, candle making, cutting and tailoring, weaving and knitting, agarbatti making, carpentry and wooden art, papad making, spices and condiments making, paper bag making, embroidery, basketry and so on. Food processing ministry is also giving priority to women SHGs for providing grant-

in-aid in setting up food processing enterprises.

Banks also provide loans directly to the individual members of the SHGs upon recommendation of SHG and facilitating agency. SHG members can utilize this loan to take up individual livelihood activities like off seasonal vegetable cultivation under poly house, bee-keeping, poultry farming, mushroom production, fisheries, goat rearing, vermicompost making, plantation of herbal medicinal plants etc. Cultivation of vegetables is highly profit oriented activity for women which is not only helpful in increasing the income but also for improving the health of people. Cultivation of off- seasonal vegetable under poly-house technology is being promoted by Vivekananda Parvatiya Krishi Anusandhan Sansthan in Almora and Nanital districts. Experiences have shown that dairies which are managed by SHG women have been quite fruitful in providing them fair prices of milk through out the year. Amul, a milk cooperative, depends on women for their milk origination in villages. Women also collect the cash for the milk and therefore have achieved a new social status. Access to economic independence can change the long tradition of suppression of women and denial of opportunities.

In addition to provide source of income to SHG members,

*Women are much better money managers, more disciplined vis-a-vis utilization of loans, more conscientious with loans and thus more disciplined regarding repayment.*

*The basic mission of a SHG should be sustainable livelihoods for each and every member.*



facilitating agency should address wider problems such as depletion of traditional energy sources (fuel wood), drudgery of women in collecting fuel wood, depleted fertility of land, and quality of agricultural products. It has been found that most of the trainings, informations and resources for the development of agriculture, horticulture, animal husbandry are given to male farmers, in spite of the major contribution by the women to these activities (Bhasin, 2002). Therefore it is required to develop training programmes and technologies suitable for hill women.

### Linking to the markets

Due to the large scale production of agricultural commodities the local markets soon run out of absorption capacity, and therefore larger and distant markets will have to be tapped. It is necessary to create linkage organizations specific to the enterprise for forward and backward market linkages. SHGs are not linkage organizations they are a micro-finance and solidarity groups and must remain so. Women members of SHGs can join various enterprise organizations depending on their choice of activity. These enterprise organizations should be able to deal with the various aspects of business viz. planning, production

*It is very important to remember that SHGs are not linkage organizations. They are micro-finance and solidarity groups and must remain so.*

supervision, quality control, inventory management, wholesale and retail marketing, price negotiation, finance mobilization and so on.

However, most of the women SHGs are ill equipped to effectively tackle the problems related to marketing of produce. Facilitating agency should effectively train the women members of SHGs on collective marketing and should also expose them to different market areas to become articulate in the marketing skills.

### Beyond livelihoods

Most of the livelihood programmes in Uttarakhand have led to food security and increased incomes but the SHG women demand much more access to basic services and role in the wider social and political processes, enhancing their public status. The women who participate in SHGs garner lots of social benefits including awareness about society and existing social problems, participation in public and political life. SHGs provide a platform for the women to fight for the basic amenities and welfare needs of village community such as safe drinking water, street light, public sanitation and education for children. There are various ways in which the SHGs can work with the local government machinery in effective delivery of various schemes and services such as health care facilities, education, other development programmes etc. Experiences have shown that

when such responsibilities are handed over to SHG women, they have displayed tremendous leadership qualities. Thus it is imperative to push for such proactive involvement of the SHGs in public roles, which also would mean proper training of these women to get into such roles and carry out their responsibilities.

*Not only economic issues but also social and gender issues can be tackled effectively through women SHGs.*

The SHGs have become a platform for exchange of experiences and ideas. Women have developed abundant self-confidence and self esteem through SHG movement. Not only economic issues but also social and gender issues can be tackled effectively through this process. There are apparent synergies between SHGs and local politics since through membership of SHGs and federations, village women can gain experience of relevant processes viz. regular meetings, taking decisions and money allocation. They also become more 'visible' in the village, which is important for campaigning.

### Conclusion

Women are the most vulnerable and underprivileged lot in the rural society. Thus helping them should be a priority. It is seen that an increase in women's resources results in the well-being of the whole family. An increasing number of microfinance institutions in Uttarakhand prefer

women members as they find them more reliable borrowers. Given the right opportunities to the women in Uttarakhand they have tremendous energies to start their own enterprises. The micro financing to women through SHGs has helped the groups to achieve economic and social empowerment. It has developed among women a sense of leadership, organizational skill

and management qualities of a business viz. acquiring finance, identifying raw material, marketing, diversification and modernization. It has also been observed that the overall impact of micro-finance through SHGs is very effective in combating poverty, unemployment and empowerment of women. SHGs can also be community platforms from which women become

active in village affairs, stand for local election or take action to address social or community issues (the abuse of women, alcohol, the dowry system, schools, and water supply). It is more important for the facilitating agencies to support and strengthen the mature SHGs in providing broad-based benefits to all members than creating new SHGs. □

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